

SUPPLEMENTAL REBUTTAL TESTIMONY OF
THOMAS F. FARRELL, II
ON BEHALF OF
DOMINION ENERGY, INC.
DOCKET NO. 2017-370-E

Q. PLEASE STATE YOUR FULL NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Thomas F. Farrell, II, and my business address is 120 Tredegar Street, Richmond, Virginia 23219. I am Chairman, President, and Chief Executive Officer of Dominion Energy, Inc. (“Dominion Energy” or the “Company”).

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?

A. Yes, I filed direct testimony on behalf of Dominion Energy in Docket No. 2017-370-E on August 2, 2018 and rebuttal testimony in the same docket on October 24, 2018.

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL TESTIMONY?

A. The purpose of my testimony is to introduce the concept and rationale of an alternative plan (“Alternative Plan”) to the original Customer Benefits Plan which was described in the Joint Applicants’ Application and supporting testimony in this matter, and further supported by their rebuttal testimony in this proceeding.

1 Company Witness Prabir Purohit will provide the details of this Alternative Plan
2 for the Commission's consideration.

3 **Q. PLEASE DESCRIBE WHY DOMINION ENERGY IS SUGGESTING THIS**
4 **ALTERNATIVE PLAN TO THE COMMISSION.**

5 A. We continue to support the original Customer Benefits Plan as the optimal
6 and preferred solution to the NND cost recovery quandary, as I stated in both my
7 direct and rebuttal testimonies. However, as I also stated in this testimony,
8 Dominion Energy would be open to considering alternative benefit plan
9 components so long as we believe they are in the interest of SCE&G's customers
10 and the public interest and, importantly, they do not change the fundamental
11 economic value of the current proposal to Dominion Energy and its shareholders,
12 which is a condition of the closing of the merger.

13 **Q. PLEASE CONTINUE.**

14 A. Several interested parties to this proceeding have, in their testimony and
15 otherwise, suggested the development of a plan which focuses more directly on
16 long-term permanent bill relief, as opposed to up-front customer refunds. In
17 response to those suggestions, the Alternative Plan was developed by the
18 Company.

19 **Q. DOES THE ALTERNATIVE PLAN PROVIDE FOR SIGNIFICANT**
20 **LONG-TERM RATE RELIEF FOR SCE&G's CUSTOMERS?**

21 A. Yes, it does. As described further by Mr. Purohit, with available resources
22 directed exclusively to long-term customer bill relief, we can achieve a bill

1 reduction of approximately 14% from May, 2017 levels, bringing the typical
2 residential bill to an estimated \$126.96 per month, which is more than \$20 per
3 month below the typical May 2017 residential bill level and less than \$2 per month
4 above the temporary rate imposed by H. 4375. These are bill levels which
5 SCE&G's customers have not seen since 2009. Put simply, the Alternative Plan
6 components will take a \$5 billion cumulative NND investment by SCE&G and
7 reduce it to about \$6 on the typical monthly residential bill, and that \$6 will trail
8 off over time.

9 **Q. DOES THE ALTERNATIVE PLAN PRESERVE THE MERGER**
10 **ECONOMICS FOR DOMINION ENERGY'S SHAREHOLDERS?**

11 A. Yes, it does. Solving for the greatest reasonable benefit for the customer
12 associated with this business combination while maintaining the economics of the
13 transaction for our investors has been, and remains, our charge. The Alternative
14 Plan, like the original Customer Benefits Plan, strikes that balance.

15 **Q. DO YOU BELIEVE THE ALTERNATIVE PLAN IS PREFERABLE TO**
16 **THE ORS PLAN DESCRIBED IN ITS TESTIMONY?**

17 A. I am confident that the ORS Plan, or anything close to it, if adopted, would
18 be devastating not only to this proposed business combination but also to
19 SCE&G's future and to the interests of SCE&G's customers and the state of South
20 Carolina in reliable electric service at just and reasonable rates. I say that not only
21 as an interested party to this transaction, but also based on my more than two
22 decades of experience in the energy industry. Our proposed benefits plans cannot

1 turn back the pages of history and entirely erase the prior approved expenditures
2 associated with the failed NND project. But either one of them can provide a
3 rational, reasonable and superior path forward for this utility and its customers,
4 compared to any other alternative before this Commission.

5 **Q. WHY IS THE COMPANY PRESENTING THE ALTERNATIVE PLAN AT**
6 **THIS TIME?**

7 A. We have been discussing this Alternative Plan, on a confidential basis, with
8 a number of stakeholders to this case to gauge their support for it. At this time,
9 with the hearing in this case scheduled to commence on November 1, the
10 Company believes that it is important to include the details of the Alternative Plan
11 in the evidentiary record for the Commission's consideration, as we continue to
12 work with stakeholders and the Commission to attempt to determine an
13 appropriate outcome to this unprecedented and most significant proceeding.

14 **Q. WOULD THE JOINT APPLICANTS ACCEPT ADOPTION OF THE**
15 **ALTERNATIVE PLAN AS AN OUTCOME OF THIS PROCEEDING**
16 **WHICH WOULD ALLOW THE PROPOSED BUSINESS COMBINATION**
17 **TO BE CONSUMMATED?**

18 A. Yes, although the Company continues to support its original Customer
19 Benefits Plan as the preferred option for the Commission's consideration and
20 approval.

1 **Q. ARE THERE ADDITIONAL CONSIDERATIONS THAT COULD IMPACT**
2 **THE ABILITY OF THE JOINT APPLICANTS TO PROVIDE THE**
3 **ALTERNATIVE CUSTOMER BENEFITS PLAN?**

4 A. Yes, there is currently pending litigation in the South Carolina State Courts,
5 in a case styled Lightsey v. SCE&G and Intervenors, where Judge Hayes has
6 indicated that he is considering issuing an order that would violate Section 6.01(h),
7 the “No Change in Law” provision, of our merger agreement with SCANA. If
8 Judge Hayes were to issue such an order we would be unable to close the merger
9 and, in as much, unable to offer the Alternative Customer Benefits Plan to
10 customers of SCE&G.

11 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL REBUTTAL**
12 **TESTIMONY?**

13 A. Yes, it does.